

D.P.U. 94-81-J

Application of Nantucket Electric Company, pursuant to G.L. c. 164 App., §§ 2-1 through 2-10 and 220 C.M.R. §§ 7.00 et seq., for approval by the Department of Public Utilities of the Company's proposed surcharge for the Residential Energy Conservation Service Program for fiscal year 1995 (July 1, 1994 through June 30, 1995). Nantucket Electric Company is a member utility of Mass-Save, Inc., which provides services on its behalf.

APPEARANCE: Douglas P. Kenward
Nantucket Electric Company
2 Fairgrounds Road
Nantucket, Massachusetts 02554
Petitioner

I. INTRODUCTION

On May 13, 1994, pursuant to G.L. c. 164 App., §§ 2-1 through 2-10 and 220 C.M.R. §§ 7.00 et seq., Nantucket Electric Company ("Nantucket" or "Company") filed with the Department of Public Utilities ("Department") a petition for approval by the Department of the Company's proposed surcharge of \$0.08 per monthly bill for the residential energy conservation services ("ECS") program for the fiscal year July 1, 1994 through June 30, 1995 ("FY 1995"). On June 2, 1994, due to a revision in the Mass-Save, Inc. ("MSI") budget numbers for FY 1995, Nantucket submitted a revised calculation of its proposed ECS surcharge. As revised, the Company's proposed ECS surcharge is \$0.07 per bill per month.¹ Nantucket is a member utility of MSI, which provides ECS to the Company's customers on behalf of Nantucket. The petition was docketed as D.P.U. 94-81-J.

Pursuant to notice duly issued, a hearing was held at the offices of the Department on June 2, 1994. No petitions for leave to intervene were filed. In support of its petition, the Company sponsored the testimony of one witness: Douglas P. Kenward, director of planning and regulatory affairs at the

¹ On June 10, 1994, in response to a Department record request, Nantucket filed revised surcharge calculation sheets (RR-DPU-1). The ECS surcharge was recalculated based on allocating the surcharge to all customers. The proposed ECS surcharge of \$0.07 per bill per month did not change as a result of the revision.

Company. The Company submitted four exhibits and responded to one Department record request, all of which were admitted into evidence.

II. ECS SURCHARGE

For FY 1995, the Company proposed an ECS surcharge of \$0.07 per bill per month (Exh. N-4; RR-DPU-1). The proposed ECS surcharge is \$0.01 per bill less than the ECS surcharge of \$0.08 per bill per month approved by the Department in Nantucket Electric Company, D.P.U. 93-91J (1993) for the fiscal year July 1, 1993 through June 30, 1994 (Tr. at 6).

The Company indicated that its share of MSI's proposed FY 1994 ECS program budget, approved by the Department in Mass-Save, Inc., D.P.U. 94-81 (1994), is \$10,967 (Exh. N-4; RR-DPU-1). In addition to the projected ECS program expenditures, the Company provided documentation which reconciled undercollections and overcollections from prior fiscal years (id.). The net effect of these reconciling items is an undercollection of \$5.00 for FY 1994, and an overcollection of \$3,911 for prior fiscal years (id.). The result is a net amount to be collected in FY 1995 of \$7,060 (id.). The proposed ECS surcharge of \$0.07 per bill is calculated by dividing the total number of bills expected to be rendered during FY 1995 by the net amount to be collected (id.).

The Company's witness, Mr. Kenward, testified that Nantucket

charges only residential customers for the ECS surcharge (Exh. N-4; Tr. at 9-11). The Company argued that allocation of the ECS surcharge solely to residential customers is preferable to allocating the surcharge to all customers, because it is only the residential rate class which receives services under the ECS program² (RR-DPU-1). Additionally, the Company contended that this approach is consistent with Department precedent, and comports with the statute governing the ECS program (id.). The Company expressed concern regarding the reaction of its commercial customers to the imposition of this charge (id.).

The Department agrees with the Company that in its present form, the ECS program primarily benefits residential customers. However, both the statute governing the ECS program,³ and the Department's regulations promulgated pursuant to that statute,⁴

² Prior to 1989, DOER required utilities to offer a commercial energy conservation program for businesses and other commercial customers. This requirement was eliminated when the Department mandated demand-side management programs which provided services for commercial customers. See Commonwealth Gas Company, D.P.U. 92-116, at 3 (1992).

³ "The difference between the amount a customer is charged as specified in the preceding subsection and the operating expenses incurred by a utility in carrying out its obligations under the state plan shall be treated as a current operating expense of providing utility service and charged to all ratepayers pursuant to the procedures specified in subsection (f)." G.L. c. 164 App., § 2-7(d).

⁴ "The charge shall be calculated on the amount of those expenses, less any revenues expected to be received under the ECS program during that period, divided by the total number of firm ratepayers of such utility." 220 C.M.R.

require that the ECS surcharge be charged to all ratepayers. The Department also notes that the system benefits of the ECS program outweigh the \$0.07 per month burden imposed by the statute on non-residential customers. Therefore, the Department orders Nantucket to apply the ECS surcharge to all ratepayers, pursuant to statute and Department regulations.

III. FINDINGS

Based on the foregoing, the Department finds:

1. that the proposed FY 1995 ECS program budget, budget reconciliations, and proposed FY 1995 surcharge, as defined in RR-DPU-1, are reasonable; and

2. that the ECS surcharge to be applied to Company bills for all ratepayers during the fiscal year July 1, 1994 through June 30, 1995 shall be \$0.07 per bill per month.

IV. ORDER

Accordingly, after due notice, hearing, and consideration,
it is

ORDERED: That the ECS surcharge to be applied to Company
bills for all ratepayers during the fiscal year July 1, 1994
through June 30, 1995 shall be \$0.07 per bill per month; and it
is

FURTHER ORDERED: That the Company shall be required to
file for an adjustment to its ECS surcharge in the event that it
is overcollecting by more than ten percent at the end of the
third quarter of FY 1995.

By Order of the Department,

Kenneth Gordon, Chairman

Barbara Kates-Garnick, Commissioner

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Commissioner

Mary Clark Webster,

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).